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Weekly Briefing Report

Week ending 18 April 2021

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Introduction

I write [The Weekly Briefing Report](#) to provide an immediate view of the market. My premium service which includes Monthly and Quarterly Briefing Reports provides a slightly more measured view. You can find details [here](#) of how to subscribe to this premium service.

I value your feedback. And I would particularly appreciate your thoughts on the topics you would like me to add to my coverage – contact me at peter@peterbackmanfs.com or on 07785 242809.

My insight

Like the waters that covered the world during the time of the Great Flood, covid covered the world of hospitality (indeed of course it has covered the whole world). The true nature of what lies beneath the waters is not yet known. But as the covid waters recede we shall find out how much has changed. We shall be able to start seeing those changes; and that time is arriving fast.

There are many questions whose answers will be revealed shortly and which will shape the foodservice sector over the months and years ahead. Here are my top five questions.

How many foodservice businesses will not reopen after covid? As high streets (as well as shopping malls, rural areas, and the rest) come alive, boarded up storefronts will have to be counted. My estimate is that perhaps 15% or so will remain shuttered. But over time how many will be reopened as new owners emerge and place their faith in a revived hospitality market?

Will there be enough competent, trained people around to work in the foodservice sector? It seems pretty certain that many former foreign workers have returned home and will not return. On the other hand, fewer outlets mean fewer places that need to be filled. How will this supply and demand picture balance out over the coming months and years?

How will delivery fare and evolve? My view is that delivery is here to stay – but will need to evolve to allow everyone (aggregators, delivery riders, operators, customers) to benefit financially. Currently it is too lopsided to exist in its current form. Dark kitchens, virtual brands, meal kits, and apps that give control back to operators, will all play their part. But what does that look like?

How will the city landscape change as a result of changing work patterns, and fewer visitors? I have started [answering this question](#) – at an international level – with Francois Blouin at Foodservice Vision. How will cities such as London, Manchester, and Birmingham change?

And finally, what deep consumer motivations, perceptions and habits will emerge from the rubble of the world that has been flooded by covid? And how will those changes play out in the foodservice sector?

We shall shortly start seeing the answers as they are brought to us by the dove of receding covid. And then everyone in the industry will set about interpreting what they see and building the new world (or is it just going to be a slightly changed world) from what remains.

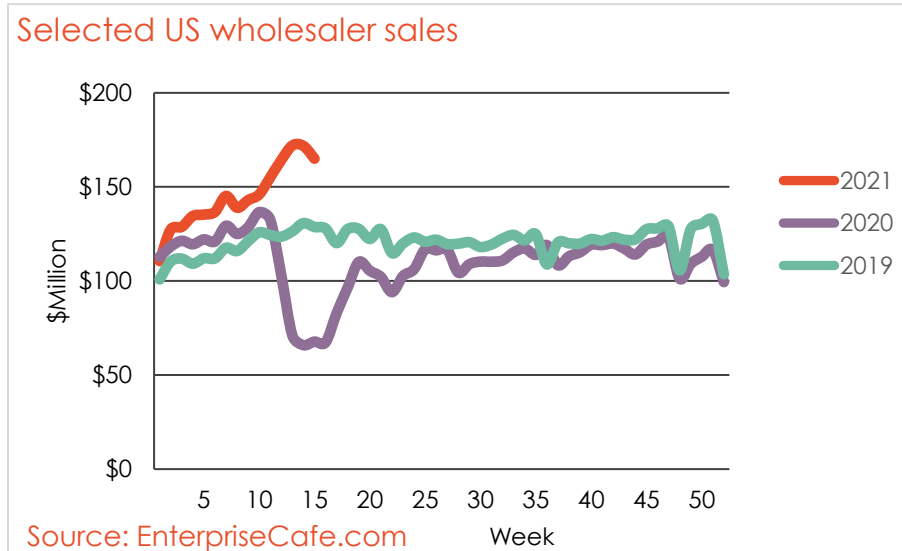
The numbers

All eyes have been on what's been happening in pubs and restaurants since partial reopening on 12 April in the UK – for alfresco dining and drinking. The initial numbers from those operators who have chosen to release figures (likely to exclude those whose experience was perhaps disappointing) is extremely promising. This rides on the back of several surveys which have indicated varying degrees amongst consumers for eating out or drinking in a pub as soon as it becomes possible to do so. So, the ground is being set for a surge.

But questions arise: is there really going to be a surge? My answer is certainly. But importantly, how big will it be? And how long will it last? Time will tell but we may have some other evidence, too, from the USA. [EnterpriseCafe.com](https://www.enterprise-cafe.com) work with foodservice distributors (with combined annual sales

of \$5.7 billion last year) across the United States. They provide data on the evolution of food sales to operators, with a strong emphasis on independent restaurants. The data is in real time and gives a clear insight into independents' weekly sales performance. The latest figures show something amazing since the start of the year (echoed by data from other real time sources such as OpenTable).

Growth set in early in 2021 and picked up steam as Easter



approached. And although some of the growth has dissipated over the past couple of weeks, trading numbers over the holiday were 36% above 2019 figures (the last “proper” year) – and 140% above last year’s numbers. So this tells us that, while the overall picture has no doubt been positively influenced by Easter, a surge has arrived. It is still to be seen whether the dip over the past two weeks is the start of a sustained fall, or whether it is an adjustment to get the “Easter peak” out of the way. But this gives pointers for independent UK operators for what to expect from our surge.

Of course, the US is not the UK. For a start, lockdown has been nowhere near (by an order of magnitude?) as sustained, or as geographically consistent, as in the UK. And the US consumer's appetite for eating out (twice as much as the UK consumer's) is well known. Nevertheless, there are learnings here and I shall be keeping an eye on these numbers and reporting on them when they become significantly interesting.

In the meantime, here are the latest numbers from the Huq Index and OpenTable:

	April							
	12	13	14	15	16	17	18	Metric
Huq Index	41.6	41.7	42.3	43.0	43.6	44.1		YoY % change in footfall
Open Table	-20.8%	-43.1%	-43.8%	-46.9%	-35.7%	-39.7%		YoY % change in bookings

News in the past week

The rest of this report contains a summary of corporate and other activity over the past week:

Retail

- Tesco sales rose 8.8% in calendar year 2020; weekly deliveries doubled

Landlords

- Land Securities reported to have collected 67% of quarterly rents due in March

Restaurants

- D&D London reported being fully booked in its 20 sites open for outside dining
- Rick Stein Group reported 5,000 bookings for sites open for outside dining
- YO! trials YO! Food to Go products via WHSmith

QSR

- Leon being acquired by EG Group

Pubs

- Young's reopened about 140 pubs
- Revolution Bars reopens 20 out of 66 bars for outside eating and drinking
- Revolution Bars Group sales fell -73.3% in the last six months of 2020

Leisure

- Heathrow passenger numbers fell -82.6% in March
- Wembley will host 2,000 fans from each of Spurs and Man City in the Carabao Cup Final

Delivery

- Just Eat takeaway orders in the UK were up 96% in the most recent quarter; delivery orders were up 695%
- Hard Rock Cafe launches @Home meals via delivery company, Plateaway
- Deliveroo orders in UK and Ireland grew 22% growth at consumer prices in the last quarter

Around the World

- Elio has bought French delivery company Nestor
- Cantina opened a digital only site in New York
- Denmark to permit indoor dining from 21 April
- Monaco to extend restaurant opening hours from lunchtime only to 21:30 but without singing. Customers must arrive home by 22:00
- Portugal reopens restaurants in all but 11 regions